

ORIGINAL

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In The Matter Of:

JAN 2 2005

PUBLIC SERVICE  
COMMISSION

BIG SANDY RURAL ELECTRIC )  
COOPERATIVE CORPORATION, )  
TO ADD A NEW LIGHTING RATE. )

CASE NO. 2005-00041

APPLICATION

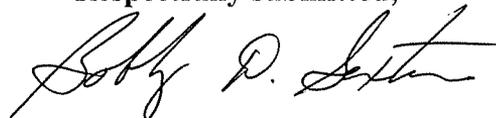
Big Sandy Rural Electric Cooperative Corporation ("Applicant") hereby informs the Public Service Commission of Kentucky ("The Commission") that:

1. Approval is requested to add a new lighting rate for a 400 W flood light to its Existing YL-1 Tariff.
2. Applicant is in the business of distributing electric power to 12,500 consumers in the Counties of Johnson, Floyd, Martin, Magoffin, Morgan, Knott, Lawrence and Breathitt.
3. The address of the Applicant is 504 11<sup>th</sup> Street, Paintsville KY 41240.
4. Applicant's most current annual reports are on file with the Commission (Sec. 10 (1) (a) 2).
5. Applicant's Articles of Incorporation and any Amendments thereto are on file with the Commission (Sec. 10 (1) (a) 3).

Wherefore, Applicant requests that the Commission approve the stated revisions to its existing rules and regulations.

This 18th day of January, 2005

Respectfully submitted,



Bobby D Sexton  
President/General Manager

BDS/jh

Form for filing Rate Schedule

FOR All Territory Served  
Community, Town or City

P.S.C. NO. 98-567

First Revised Sheet No. 13

BIG SANDY RURAL ELECTRIC COOPERATIVE  
COOPERATIVE

Canceling: P.S.C. No. 98-527

Paintsville, KY

Original Sheet No. 13

Name of Issuing Corporation

### CLASSIFICATION OF SERVICE

SCHEDULE	YL-1	Rate Per Unit
<b>APPLICABLE</b> Entire territory served		
<b>AVAILABILITY OF SERVICE</b> Available to all members of the Cooperative subject to its established rules and regulations		
<b>TYPE OF SERVICE</b> Single-Phase, 120 volts, mercury vapor type of equivalent lighting unity.		
<b>RATES</b> Flat rate per light per month as follows:		
	175 Watt @	\$5.49 per month
	400 Watt @	7.47 per month
	500 Watt @	8.35 per month
	1500 Watt @	17.16 per month
	400 Watt Flood Light @	\$13.24 per month
		N
<b>TERMS OF PAYMENT:</b> All of the above rates are net, the gross rate being ten percent (10%) higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross amount shall apply.		
<b>FUEL ADJUSTMENT CLAUSE:</b> All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line		

DATE OF ISSUE 1-Feb-05

DATE EFFECTIVE: 1-Mar-05

ISSUED BY \_\_\_\_\_

TITLE President & CEO

Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. \_\_\_\_\_

Dated \_\_\_\_\_

BIG SANDY RURAL ELECTRIC COOPERATIVE

INSTALLED COST FOR 400W MV FLOOD LIGHT

EXHIBIT B  
Page 1 of 3

400W MV FLOOD LIGHT WITHOUT POLE

Fixture	\$ 202.43
Conductor	\$ 3.20
Transformer	\$ 129.49
Pole	\$ -
Direct Labor	\$ 42.32
Indirect Labor	\$ 52.23
Vehicle	\$ 14.40
Overhead - Labor	\$ 51.99
Stores	<u>\$ -</u>
Total Installed Cost	<u><u>\$ 496.06</u></u>

## BIG SANDY RURAL ELECTRIC COOPERATIVE

### Development of Fixed Charge Rate for Lighting

A. Development of a Fixed Charge Rate (Excludes Purchased Power Costs):

Expense	Fixed Rate	
1 Depreciation	0.034562	x
3 Distribution Operations & Maintenance	0.049093	x
4 Administrative & General	0.062532	x
Total Costs - Distribution	0.146187	
 5 Return	 0.033336	
Annual Revenue Requirements	0.179524	
 Monthly Fixed Rate (Excludes purchased power costs)	 0.014960	

B. Basis for Fixed Charge Rate Percentages:

1. Depreciation Rate is the actual amount for 2003 divided by the EOY distribution plant. x

Depreciation	Dist. Plant	Ratio
\$999,399	\$28,915,792	0.034562394

2. Return

Capital Structure	Actual	Return	Return %	Cap Struc Percent
Debt	16,825,868	515,903	3.066%	54.4%
Equity	14,125,432	515,903	3.652%	45.6%
Total	30,951,300	1,031,806	3.334%	100.0%

3. Distribution O & M rate is the actual distribution O & M expense divided by the year end investment in distribution plant as provided on RUS Form 7. x

Dist O&M	Dist Plant	Ratio
\$1,419,557	\$28,915,792	0.049092793

4. Admin & General expenses are divided by the year end investment in distribution plant. x

A & G Exp	Dist Plant	Ratio
\$1,808,164	\$28,915,792	0.062532059

Includes Consumer Accounts Expense, Customer Service and Admin & General Expenses

3.4. Applicable property taxes and insurance included in O&M and A&G costs.

5. Margins are based on a Times Interest Earned Ratio of 2.0 which makes the margins equal to the interest expense. x

DEVELOPMENT OF MONTHLY RATES  
FOR 400W FLOOD LIGHT

	<u>400 Watt Flood Light</u>
<u>Annual Distribution Costs</u>	
Capital Costs	\$ 496.06
Annual Fixed Charge Rate	<u>0.1795237</u>
Annual Fixed Costs	\$ 89.05
<u>Annual Purchased Power Costs</u>	
Monthly Demand in kWh	<u>0.45</u>
Annual Demand Costs	17.68
Monthly Energy Usage in kWh	154
Annually Energy Costs	<u>52.18</u>
Annual Purchased Power Costs	<u>69.86</u>
Total Annual Costs	<u>\$ 158.91</u>
Monthly Rate per Lamp	<u><u>\$ 13.24</u></u>

DIRECT TESTIMONY  
OF  
JAMES R. ADKINS

1 Q. State your name, your employer and your business address.

A. My name is James R. Adkins and I am self employed providing consulting services to small utilities with primary emphasis on electric cooperatives. My business address is 1041 Chasewood Way, Lexington, KY 40513-1731.

2 Q. How long have you been self employed?

A. I have been self employed since March of this year. I was previously employed by the Prime Group in Louisville, KY from the first quarter of 2002 through the first quarter of this year. Previously, I was employed by East Kentucky Power Cooperative ("EKPC") for almost twenty-five years. My experience at EKPC and with the Prime Group consisted of cost of service studies, financial modeling, economic analyses, rate design, capital budgeting and various other assignments. My last position at EKPC was Pricing Manager and I held that position for over twenty years.

3 Q. Have you ever appeared as a witness before this Commission?

A. I have appeared as a witness many times before this Commission for EKPC and for electric distribution cooperatives. The purpose of my testimony has been in rate applications where I have presented testimony on revenue requirements, cost of service studies, rate design and margin requirements. I have also appeared as a witness in fuel adjustment hearings and in administrative cases.

4 Q. What is your educational background?

A. I have received two degrees from the University of Kentucky. I received a Bachelors Degree in Commerce in 1971 with a major in banking and finance and a Masters Degree in Accounting in 1976.

5 Q. What is the purpose of your testimony?

A. My testimony will provide the basis for the development of the new lighting rate that Big Sandy Rural Cooperative ("Big Sandy") is proposing in this filing.

6 Q. Please explain the this new light and the rate that Big Sandy is proposing?

The details on the development of the rate for this new light is contained in pages 1 through 3 in Exhibit B of this filing. Exhibit B provides the details on the development of this new rate. The first step is to determine the installed cost associated with this new light. The second step is the determination of an annual fixed charge rate. The third step is to multiply the installed cost by the fixed charge rate to determine the annual distribution costs associated with the new lights. The fourth step is the determination of the cost of the energy for this new light and this cost is based on the wholesale rates for purchased power. The annual distribution costs and the annual cost of energy is then summed to determine the total annual costs. Then, the monthly rate is determined which is \$13.24 for this light.

7 Q. Does this conclude your testimony?

A. Yes, this does conclude my testimony.



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JAN 2 2005

PUBLIC SERVICE  
COMMISSION



**Big Sandy Rural Electric  
Cooperative Corporation**  
504 11th Street  
Painisville, KY 41240-1422



A Association of Electric Power Producers

To:

COMMONWEALTH OF KENTUCKY  
PUBLIC SERVICE COMMISSION  
P O BOX 615  
FRANKFORT KY 40602

FIRST CLASS MAIL